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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NETLIST INC., a Delaware
corporation,

Plaintiff,

vs.

SAMSUNG ELECTRONICS CO.,
LTD., a Korean corporation,

Defendant.

CASE NO. 8:20-cv-00993-MCS-ADS

**SAMSUNG'S OPPOSITION TO
NETLIST'S MOTION TO STAY**

Date: February 5, 2024
Time: 9:00 a.m. PT
Location: Courtroom 7C
Judge: Hon. Mark C. Scarsi

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1 **I. INTRODUCTION**

2 Netlist filed its contract case in this Court three-and-a-half years ago. It
3 obtained a judgment that Samsung breached Sections 3.1 and 6.2 of the Joint
4 Development and License Agreement (“JDLA”), and that Netlist properly
5 terminated the JDLA (including the patent licenses it had granted Samsung) because
6 Samsung’s breaches were material. And it relied on this Court’s judgment when it
7 brought patent infringement actions in the Eastern District of Texas (*EDTX I*¹ and
8 *EDTX II*²), District of Delaware (*Delaware*³), and Dusseldorf, Germany.

9 But then the Ninth Circuit⁴ reversed this Court’s decision. It held that
10 Samsung had not breached Section 3.1 of the JDLA; that the interpretation of
11 Section 6.2 was not clear in Netlist’s favor (as this Court had held) but rather
12 ambiguous; and that whether Samsung’s breach of Section 6.2 was material
13 (assuming there was a breach) was subject to factual disputes and thus not amenable
14 to summary judgment. The Ninth Circuit remanded the matter to this Court to
15 consider the extrinsic evidence concerning the proper interpretation of Section 6.2
16 and whether summary judgment should be granted on that issue and, only if
17 Samsung is found to have breached Section 6.2 based upon a proper interpretation
18 of that section, to have a trial on materiality.

19 What Netlist has done since losing in the Ninth Circuit has been remarkable.
20 Even though Netlist filed its contract action in this Court in 2020, it now asks this
21 Court not to answer the remaining contract interpretation questions that the Ninth
22 Circuit ordered this Court to undertake via its mandate—contract interpretation
23

24 ¹ See 2:21-cv-00463 (E.D. Tex. 2021).

25 ² See 2:22-cv-00293 (E.D. Tex. 2022).

26 ³ See 1:21-cv-01453 (D. Del. 2021).

27 ⁴ See 22-55209 (9th Cir. 2023) (*Ninth Circuit*).
28

1 questions that Netlist itself first raised in this case. This Court effectively denied
2 Netlist’s request to stay the case in an order dated December 1, 2023: It declined to
3 hear Netlist’s stay motion until it hears the parties’ arguments on summary judgment
4 regarding the proper interpretation of Section 6.2 in view of the extrinsic evidence,
5 meaning that the Court has not stayed its evaluation of the extrinsic evidence
6 concerning the meaning of Section 6.2. Yet after the Court’s order effectively
7 denying Netlist’s stay request (at least through ongoing summary judgment
8 proceedings), Netlist filed an early summary judgment motion in the *EDTX II*
9 action, asking Judge Gilstrap to rule on the exact same contract issues that are
10 currently pending before this Court (and the same issues that the Ninth Circuit
11 mandate requires this Court to address), apparently hoping that the Eastern District
12 of Texas court would do so (in Netlist’s favor) before this Court has had a chance to
13 rule.

14 But that gambit failed. In an order that first became public on December 20,
15 2023, Judge Gilstrap acknowledged that the issue of the JDLA’s termination “is
16 currently pending before the Central District of California”—*i.e.*, the first-filed
17 action—and made clear that he “will not make comment further while that issue is
18 squarely before another court.” Ex. 1 (*EDTX II*, Dkt. 290-1) at 4-5. As the order
19 explained, the Eastern District of Texas “need not affirmatively decide any issue
20 that is before the Central District of California in order to proceed with [the Texas]
21 case.” *Id.* at 5. Rather, it will “defer issues of Netlist’s alleged termination of the
22 JDLA to the Central District of California.” *Id.*⁵

23 Thus, while there has never been any basis for staying this action in favor of
24 the later-filed Eastern District of Texas cases—as this Court appears to have
25

26 ⁵ Judge Hall of the District of Delaware has similarly deferred to this Court on
27 JDLA contract issues, granting Samsung’s Motion to Stay the Delaware case
28 pending resolution of the case-dispositive contract issues pending in this Court. *See*
Ex. 2 (Delaware, Dkt. 223).

1 recognized by declining to hear Netlist’s stay motion before summary judgment—
2 any colorable argument Netlist had for such a stay has now disappeared in view of
3 the orders from the Eastern District of Texas and District of Delaware. The Eastern
4 District of Texas (and District of Delaware) courts will quite properly defer to this
5 Court as to the interpretation of Section 6.2 and whether any breach of Section 6.2
6 was material. Accordingly, Netlist’s motion for a stay should definitively be denied,
7 and the Court should continue to implement the Ninth Circuit’s mandate.

8 **II. FACTUAL BACKGROUND**

9 **A. Netlist Files This Case for Breach of Contract and Termination of** 10 **the JDLA**

11 Netlist filed this breach of contract action on May 28, 2020, and shortly
12 thereafter amended its complaint to seek a declaration that it validly terminated the
13 November 2015 JDLA it had entered into with Samsung—a first step in Netlist’s
14 plan to disavow its agreement to license its patents to Samsung and instead seek
15 damages for patent infringement. The parties agreed in the JDLA to, among other
16 things, (1) jointly develop a new memory product (the “JDP”) and (2) exchange
17 patent cross-licenses with each other. Netlist alleges that beginning in 2017,
18 Samsung breached Section 6.2 of the JDLA by failing to supply all the DRAM and
19 NAND requested by Netlist.⁶ See Dkt. 18-2 ¶¶ 14, 27.

20 Of course Samsung did not supply Netlist with *all* the chips Netlist
21 requested—that would have been impracticable, if not impossible, given the supply
22 issues that plague the memory industry—and as such Samsung has always been
23 clear that the parties never intended Section 6.2 to encompass an agreement to
24 supply Netlist with unlimited DRAM and NAND for any purpose on request.

25 _____
26 ⁶ Netlist also claimed that Samsung breached Section 3.1 of the JDLA by
27 improperly withholding a portion of a contractual payment for taxes. The Ninth
28 Circuit ordered the Court to enter judgment in favor of Samsung on that claim,
leaving the alleged breach of Section 6.2 as the only remaining dispute.

1 Rather, as Samsung argued at summary judgment, the text, context, and structure of
2 the JDLA and the extrinsic evidence leave no doubt that any supply obligation in
3 Section 6.2 was limited to the needs of the JDP. Indeed, under Netlist's faulty
4 interpretation of Section 6.2, Samsung would have been required to supply Netlist
5 memory (for any reason) even for resale by Netlist to Samsung's competitors.

6 This Court, however, disagreed insofar as it concluded that Section 6.2 was
7 unambiguous in imposing an obligation on Samsung to supply unlimited DRAM
8 and NAND on Netlist's request. Because New York law precluded consideration of
9 any extrinsic evidence absent an ambiguity in the agreement, this Court granted
10 summary judgment in favor of Netlist on its claim that Samsung breached Section
11 6.2. *See* Dkt. 186 at 6-10, 15, 22; Dkt. 305 at 3; Dkt. 306 at 2. The Court also
12 entered summary judgment in Netlist's favor on its declaratory relief claim, thereby
13 declaring the JDLA terminated along with Samsung's license to Netlist's patents.
14 *See* Dkt. 186 at 17-22; Dkt. 305 at 9; Dkt. 306 at 2.

15 **B. Samsung Seeks a Declaration of Non-Infringement in Delaware**

16 Netlist is an aggressive patent litigant that asserts its patents are essential to a
17 number of JEDEC⁷ standards. Aware that Netlist would likely bring an action for
18 patent infringement against Samsung on the basis of this Court's grant of summary
19 judgment, Samsung sought a declaration in the District of Delaware that certain of
20 Samsung's memory modules that comply with those JEDEC standards do not
21 infringe Netlist's patents and that Netlist could not enforce its patents because of
22 inequitable conduct. *See* Ex. 3 (*Delaware*, Dkt. 1) ¶¶ 29-33. Netlist later filed a
23 counter-claim for patent infringement in the Delaware action. In its answer,
24 Samsung asserted an express and implied license defense, explaining that Samsung
25 had appealed the judgment in this case *and*, even if the JDLA was terminated,
26

27 ⁷ JEDEC stands for Joint Electron Device Engineering Council, a global industry
28 group that develops open standards for memory chips and other microelectronics.

1 Samsung had a license defense up until the date of termination on July 20, 2020.
2 *See* Ex. 4 (*Delaware*, Dkt. 62) at 26-30.

3 **C. On the Basis of This Court’s Judgment, Netlist Files Patent**
4 **Infringement Actions Against Samsung in Texas and Elsewhere**

5 As Samsung anticipated, Netlist sued Samsung for patent infringement.
6 Netlist filed its first suit, accusing Samsung of infringing six patents, in the Eastern
7 District of Texas in December 2021, specifically citing as a basis for its
8 infringement allegations this Court’s summary judgment decision and subsequent
9 entry of final judgment. *See* Ex. 5 (*EDTX I*, Dkt. 23) ¶¶ 2, 50-53. In doing so,
10 Netlist brought no claims for breach of the JDLA or a declaration that its purported
11 termination of the JDLA was valid. In April 2023, relying on this Court’s order
12 terminating the JDLA, Netlist persuaded a jury in the Eastern District of Texas to
13 award it hundreds of millions of dollars in patent infringement damages. *See* Ex. 6
14 (*EDTX I*, Dkt. 551) at 1. Samsung asserted a license defense in that case, but that
15 defense was subject to collateral estoppel as to alleged infringements post-JDLA
16 termination given the Court’s judgment in this case, although Samsung is now
17 seeking to vacate the judgment in *EDTX I* as a result of the Ninth Circuit’s decision.

18 Notably, contrary to Netlist’s suggestion that the scope of the patent license
19 under the JDLA remains a live issue in the patent infringement cases, the Eastern
20 District of Texas court rejected Netlist’s interpretation as a matter of law, deciding
21 on summary judgment in *EDTX I* that the license in the JDLA was **not** limited to
22 only the jointly developed products. The court found it “replete in the record time
23 and time again, both from the terms of the JDLA itself and the affirmative
24 statements made by Netlist, that until July 15th, 2020, Samsung had a license
25 defense.” Ex. 7 (*EDTX I*, Dkt. 426) at 56:4-24. While the Eastern District of Texas
26 court initially permitted the scope of the license ***as to the limited issue of*** alleged
27
28

1 **Foundry Products**⁸ to be tried, the court ruled against Netlist on that issue mid-trial,
2 granting judgment as a matter of law in Samsung's favor on the remaining issues as
3 to the scope of the license, thus establishing that Samsung's accused products in
4 *EDTX I* were licensed under the JDLA, at least through the alleged July 2020
5 termination date. *See* Ex. 8 (*EDTX I*, Dkt. 494) at 1266-67. Those rulings by the
6 Eastern District of Texas court have now culminated in, and led to, a Final Judgment
7 in the Eastern District of Texas, Ex. 6 (*EDTX I*, Dkt. 551), which precludes Netlist
8 (via collateral estoppel) from raising the issue again in this Court, the Eastern
9 District of Texas, the District of Delaware, or anywhere else.

10 While *EDTX I* and Samsung's appeal of this Court's judgment to the Ninth
11 Circuit were still pending, Netlist filed a second patent infringement suit in the
12 Eastern District of Texas on August 1, 2022, alleging infringement of additional
13 patents. *See* Ex. 9 (*EDTX II*, Dkt. 1). Samsung again asserted a license defense on
14 the basis that this Court's judgment was on appeal to the Ninth Circuit. Mot. Ex. 10
15 at 24-27. And as in the *EDTX I* action, Netlist did not plead any claim for breach of
16 the JDLA or seek a declaration that its termination of the JDLA was valid in *EDTX*
17 *II*.

18 **D. Samsung Successfully Appeals the Court's Grant of Summary** 19 **Judgment**

20 Samsung appealed the judgment entered by this Court on February 25, 2022.
21 In its appeal before the Ninth Circuit, Samsung argued that the text, context, and
22 structure of the JDLA unambiguously show that Section 6.2's supply obligation is
23 limited to the JDP and that, at minimum, the extrinsic evidence raised no genuine
24

25 ⁸ Foundry Products are defined in the JDLA as "any product produced by a Party or
26 its Subsidiary for a third party (a) based on designs, specifications, and working
27 drawings owned by such third party and (b) that the manufacturing Party does not
28 have a right to sell to others as its own product." Per the JDLA, Foundry Products
"are not Licensed Product[s]." JDLA, Section 8.3.

1 issue of material fact and compelled Samsung’s interpretation as a matter of law. In
2 contrast, Samsung has always argued that the scope of the cross-licenses under the
3 JDLA are not limited to the JDP. There is nothing inconsistent about the supply
4 provision in Section 6.2 being limited to the JDP, and the patent licenses not being
5 limited to the JDP. Notably, the District of Delaware’s order staying that case
6 expressly recognized that Samsung has been consistent with its arguments regarding
7 the scope of Section 6.2 and the scope of the JDLA patent licenses. *See* Ex. 2
8 (*Delaware*, Dkt. 223) (“Having considered the totality of the circumstances—
9 including in particular . . . that the Court is unpersuaded that Samsung advanced an
10 inconsistent position before the Ninth Circuit Court of Appeals—the Court
11 concludes that the most appropriate course of action is to stay this case.”).

12 In that regard, far from arguing to the Ninth Circuit that the patent license was
13 limited, Samsung argued that the JDLA had two distinct goals: (1) to jointly develop
14 the NVDIMM-P product, and (2) to cross-license patents. The Ninth Circuit
15 concluded that “[r]ead as an integrated whole . . . the contract’s apparent purpose as
16 derived from its title, structure, and related provisions make § 6.2 ‘reasonably
17 susceptible of more than one interpretation.’” Ex. 10 (*Ninth Circuit*, Dkt. 77-1) at 3.
18 The Ninth Circuit explained that “[f]irst, the JDLA has two stated purposes: (1)
19 developing a new NVDIMM-P product (*i.e.*, the JDP), and (2) patent cross-
20 licensing,” which is evident not only from the title and preamble of the agreement,
21 but also from the fact that each provision “corresponds entirely to one of the two
22 goals.” *Id.* at 3-4.

23 The Ninth Circuit further explained that the title and structure of Section 6 of
24 the JDLA, “Supply of Components,” support a finding of ambiguity, if not adoption
25 of Samsung’s construction. As Samsung argued, Sections 6.1 and 6.2 could be
26 reasonably read as “complementary mirror provisions that describe the parties’
27 obligations to provide components of the NVDIMM-P [JDP] product.” *Id.* at 4.
28 And finally, the Ninth Circuit pointedly observed that if Netlist’s interpretation of

1 Section 6.2 were correct, “the provision would be a significant outlier in the overall
2 agreement,” since all the other provisions concern one of the two stated purposes,
3 namely, (1) the JDP or (2) patent cross-licensing, whereas an unlimited supply
4 agreement would introduce a third element to the JDLA, which is described
5 nowhere else in the agreement. *Id.* at 4-5. The Ninth Circuit accordingly held that
6 “the district court erred in granting Netlist summary judgment on its claim that
7 Samsung violated § 6.2 of the Joint Development and License Agreement
8 (‘JDLA’).” *Id.* at 2.

9 In doing so, the Ninth Circuit remanded to this Court to: (1) “consider in the
10 first instance whether the extrinsic evidence ‘creates a genuine issue of material
11 fact’ as to [§ 6.2 of the JDLA]’s meaning,” and, if necessary, (2) decide whether any
12 breach of Section 6.2 was material. *Id.* at 5.

13 **E. Events Following the Ninth Circuit’s Remand to This Court**

14 On November 13, 2023, this Court issued a minute order reopening the case
15 on remand and directing the parties to file a joint status report proposing a schedule
16 for further proceedings. *See* Dkt. 341. The Court made clear in that order that the
17 case “will proceed consistent with the memorandum decision and mandate” of the
18 Ninth Circuit. *Id.*

19 The parties filed their Joint Report on November 27, 2023. *See* Dkt. 343. In
20 that report, consistent with the Ninth’s Circuit decision and mandate, Samsung
21 requested that the Court enter a schedule for supplemental summary judgment
22 briefing on the question whether the extrinsic evidence creates a genuine issue of
23 material fact as to the meaning of Section 6.2. *See id.* at 12. Netlist’s contrary
24 proposal included, among other things, a stay of this case until after the April 2024
25 trial in the much later-filed *EDTX II* case. *See id.* at 3-6.

26 On November 30, refusing to wait for the Court’s response to the Joint
27 Report, Netlist filed its Motion to Stay in this Court, and noticed the hearing on its
28 Motion for January 8, 2024. *See* Dkt. 344. Later that day, the Court issued the

1 Order Re: Further Proceedings, “largely adopt[ing] Samsung’s proposal to re-brief
2 the remaining issues in the summary judgment proceedings,” in view of the extrinsic
3 evidence, which would be limited to the original summary judgment record before
4 this Court, setting a schedule for the supplemental briefing, and noticing the hearing
5 for February 5, 2024. Dkt. 345. The Court also ordered Netlist to notice any
6 request for the relief proposed in its portion of the Joint Report “for hearing on
7 February 5, 2024, at the same time as the summary judgment hearing,” effectively
8 denying Netlist’s request for a stay at least until the parties’ summary judgment
9 arguments are fully briefed and argued. *Id.* On December 1, 2024, the Court issued
10 a scheduling notice directed to Netlist’s Motion to Stay, rescheduling the hearing
11 from January 8, 2024 to February 5, 2024. *See* Dkt. 346.

12 In another attempt to circumvent the Ninth Circuit’s mandate and prevent this
13 Court from ruling on the remaining contract issues, on December 12, 2023, Netlist
14 filed an early summary judgment motion in the *EDTX II* action on Samsung’s
15 license defense. In its motion, Netlist seeks a ruling from the Eastern District of
16 Texas court that, when considering the extrinsic evidence, Section 6.2 required
17 Samsung to provide Netlist with unlimited quantities of NAND and DRAM for any
18 purpose on request, and that Samsung materially breached this provision. *See*
19 Ex. 11 (*EDTX II*, Dkt. 314) at 13-15. But whether the extrinsic evidence favors
20 Netlist’s or Samsung’s interpretation of Section 6.2 and whether any breach of
21 Section 6.2 was material, thus entitling Netlist to terminate the JDLA, are the very
22 issues before this Court—issues that the Ninth Circuit ordered this Court to
23 consider.

24 After Netlist filed its Motion to Stay, Judge Gilstrap issued an order in *EDTX*
25 *II* on December 14, 2023, expressly **declining** to address any of the JDLA issues
26 pending before this Court. Ex. 1 (*EDTX II*, Dkt. 290-1) at 4-5. Specifically, the
27 *EDTX II* Order acknowledged that the issue of the JDLA’s termination “is currently
28 pending before the Central District of California,” and that the court “will not make

1 comment further *while that issue is squarely before another court.*” *Id.* (emphasis
2 added). The Eastern District of Texas court did not stay the case as Samsung
3 requested because “this Court [*i.e.*, the EDTX] need not affirmatively decide any
4 issue that is before the Central District of California in order to proceed with this
5 [patent infringement] case.” *Id.* at 5. But Judge Gilstrap made clear that he would
6 “defer issues of Netlist’s alleged termination of the JDLA to the Central District of
7 California” while “simultaneously proceed[ing] on the other issues in this case,
8 including Netlist’s claim for patent infringement.” *Id.* That order became public on
9 December 20, 2023.

10 In light of Judge Gilstrap’s clear deference to this Court, on the day after his
11 order became public, Samsung’s counsel sent a letter to Netlist’s counsel requesting
12 that Netlist withdraw its Motion to Stay before this Court because the motion lacked
13 any arguable merit. *See* Ex. 12 (Dec. 21, 2023 Letter from M. Yoder to A. Ashley).
14 The letter asked Netlist’s counsel to notify Samsung’s counsel by close of business
15 the following day if it agreed to withdraw its motion. *See id.* Almost a week later,
16 on December 27, 2023, Netlist’s counsel responded by doubling down and refusing
17 to withdraw its stay motion. *See* Ex. 13 (Dec. 27, 2023 Letter from A. Ashley to M.
18 Yoder); Decl. of A. Lucas ¶ 14.

19 **III. LEGAL STANDARD**

20 “The proponent of a stay bears the burden of establishing its need.” *Clinton*
21 *v. Jones*, 520 U.S. 681, 706 (1997). When the proponent requests a stay, “the
22 competing interests which will be affected by the granting or refusal to grant a stay
23 must be weighed.” *Lockyer v. Mirant Corp.*, 398 F.3d 1098, 1110 (9th Cir. 2005).
24 Notably, although ordinarily courts examine different factors to weigh those
25 competing interests,⁹ here there arguably is no need to do so: Netlist seeks to stay
26

27 ⁹ *Id.* (“Among those competing interests are the possible damage which may result
28 from the granting of a stay, the hardship or inequity which a party may suffer in

1 this action so that the issues raised in this action may be decided in another action,
2 *EDTX II*, yet the *EDTX II* judge has made clear that he will defer to this Court in
3 deciding those issues. Hence, in light of Judge Gilstrap’s clear intent to defer to this
4 Court, a stay simply is not warranted.

5 **IV. ARGUMENT**

6 **A. The Stay Should Be Denied Because the Eastern District of Texas** 7 **Court Has Made Clear It Will Defer to This Court on the JDLA** 8 **Issues Pending Before It and the Ninth Circuit’s Mandate Requires** 9 **This Court to Decide Those Issues**

10 Netlist’s request to stay this case must be denied for two simple reasons:
11 First, the Eastern District of Texas court having made clear in a recent order that it
12 will defer to this Court on the contract issues remaining in this case, the premise on
13 which Netlist’s motion is based has disappeared. And second, the Ninth Circuit has
14 issued a mandate requiring this Court to take up the remaining contract issues
15 pending before it.

16 Netlist asks the Court to stay the Central District of California action “until
17 [*EDTX II*] is tried,” because *EDTX II* is the “only case that can address the parties’
18 entire dispute.” Mot. at 2-3. According to Netlist, *EDTX II* will “likely moot this
19 case,” and “if the Eastern District jury interprets § 6.2 as Netlist does and finds that
20 Samsung’s breach of it (which is not in dispute) is material and therefore
21 termination was proper, that finding will be binding on Samsung here.” *Id.* at 12.
22 But the Eastern District of Texas court, on December 14, already declined to address
23 any of the JDLA issues pending before this Court until this Court addresses them in
24 the first instance. *See supra* at 9-10.

25 Since the Eastern District of Texas court has expressly deferred issues

26 _____
27 being required to go forward, and the orderly course of justice measured in terms of
28 the simplifying or complicating of issues, proof, and questions of law which could
be expected to result from a stay.”).

1 concerning Samsung’s alleged material breach of contract to this Court, the Eastern
2 District of Texas is indisputably not a forum in which those issues can or will be
3 heard before they are heard in this case. When the December 14 order became
4 public on December 20 and available to use in this case, Samsung immediately
5 asked Netlist to withdraw its motion to stay given the underlying premise had
6 become no longer tenable. Ex. 12 (Dec. 21, 2023 Letter from M. Yoder to A.
7 Ashley). Netlist has refused, citing its hope that this Court will stay the case in
8 favor of the Eastern District of Texas. *See* Ex. 13 (Dec. 27, 2023 Letter from A.
9 Ashley to M. Yoder) at 1; Decl. of A. Lucas ¶ 14. But because the Eastern District
10 of Texas has stated (properly) that this Court should take the lead on the contract
11 interpretation and termination questions, the basis for Netlist’s request for a stay has
12 disappeared, and Netlist’s request for a stay should be denied.

13 Netlist’s suggestion that this Court should nevertheless stay the case so the
14 Eastern District of Texas can decide the contract issues pending before this Court
15 along with the scope of the patent license is deeply misguided. It ignores that the
16 scope of the patent license has already been decided by the Eastern District of
17 Texas. *See supra* at 5-6. It ignores that this Court has already addressed contract
18 issues once on summary judgment and, following an appeal, has already ordered
19 supplemental summary judgment briefing based on the record previously submitted.
20 And, most critically, it ignores the mandate of the Ninth Circuit requiring this Court
21 to decide those remaining contract issues.

22 In its October 17, 2023 memorandum decision, the Ninth Circuit remanded to
23 this Court “to consider in the first instance whether the extrinsic evidence ‘creates a
24 genuine issue of material fact’ as to [Section 6.2 of the Joint Development and
25 License Agreement]’s meaning.” Ex. 10 (*Ninth Circuit*, Dkt. 77-1) at 5. This Court
26 has said it intends to do so. *See* Dkt. 341. Granting Netlist’s motion so Netlist can
27 go ask a different court to consider the very issues the Ninth Circuit directed this
28 Court to consider would be irreconcilable with the letter and spirit of the Ninth

1 Circuit’s mandate. *See In re A.F. Moore & Assocs., Inc.*, 974 F.3d 836, 841 (7th
2 Cir. 2020) (“A district court would be in obvious dereliction of duty if it reopened a
3 remanded case but refused to do anything more because it still thought it lacked
4 jurisdiction. . . . [T]he clear spirit of our mandate entailed more than flipping a flag
5 on the docket sheet from ‘closed’ to ‘reopen.’ We presupposed that further
6 proceeding would be had at an ordinary pace.”).

7 **B. Netlist’s Inequitable Forum Shopping Provides an Independent**
8 **Basis to Deny a Stay**

9 Because the entire premise for Netlist’s stay motion has been rejected by the
10 Eastern District of Texas court, Samsung will not respond to each of the arguments
11 for a stay made in Netlist’s motion. But even under the *Landis* factors discussed in
12 Netlist’s motion, a stay of this case in favor of the Eastern District of Texas would
13 be wholly inappropriate. *See Lockyer*, 398 F.3d at 1110 (describing framework for
14 analyzing request for stay under *Landis*). First, Samsung would be damaged by a
15 stay, as deferring to the Eastern District of Texas would result in wasting years of
16 litigation before this Court and the Ninth Circuit. Moreover, the Ninth Circuit has
17 mandated that the Court consider extrinsic evidence in the interpretation of Section
18 6.2—delaying that determination would contradict the mandate. Second, Netlist
19 would suffer no hardship if a stay is not granted. Suffice it to say, prosecuting the
20 very case a litigant chose to bring is not “prejudicial.” And third, the Eastern
21 District of Texas and the District of Delaware have both now made clear that they
22 are deferring to this Court on the questions relating to the interpretation and breach
23 of the JDLA. The orderly course of justice is thus best served by this Court
24 promptly resolving these narrow issues remaining before it.

25 It is also worth noting, however, that Netlist has acted inequitably since the
26 Ninth Circuit’s decision in this case, which is itself an independent basis to deny a
27 stay. The litigation between the parties began when Netlist—not Samsung—filed
28 this suit in the Central District of California in May 2020, asserting that Samsung

1 breached Section 6.2 of the JDLA and seeking a declaration that Netlist’s purported
2 termination of the JDLA was legally valid. Dkt. 1; Dkt. 18-2. After Netlist
3 prevailed on liability before this Court on summary judgment in October 2021,
4 Netlist filed the *EDTX I* patent infringement action in the Eastern District of Texas,
5 specifically citing as a basis for its infringement allegations this Court’s summary
6 judgment decision. *See* Ex. 5 (*EDTX I*, Dkt. 23) ¶¶ 2, 50-53.

7 Netlist had no qualms about using this Court’s ruling to prosecute its patent
8 claim in *EDTX I*. Indeed, Netlist successfully argued before the Eastern District of
9 Texas court that this Court’s invalidation of Samsung’s patent license precluded
10 Samsung’s license defense against Netlist’s infringement allegations after the
11 termination on July 20, 2020. *See* Ex. 7 (*EDTX I*, Dkt. 426) at 19:15-22:1, 56:4-24,
12 58:8-23, 59:9-60:1, 153:4-154:21, 156:15-23. And Netlist was ultimately awarded
13 hundreds of millions of dollars in infringement damages by a jury. *See* Ex. 6 (*EDTX*
14 *I*, Dkt. 551) at 1.

15 But now the Ninth Circuit has reversed this Court’s judgment that Samsung
16 breached the supply provision and that Netlist properly terminated the JDLA, and
17 remanded for further proceedings so this Court can consider the extrinsic evidence
18 that it previously did not consider. Following the Ninth Circuit’s decision, Netlist
19 has evidently decided it no longer likes this Court and would prefer that the Eastern
20 District of Texas consider the very breach of contract and license termination claims
21 that Netlist originally filed in this Court and has actively litigated in this Court for
22 three-and-a half years including up to the Ninth Circuit and back. This is the
23 epitome of forum shopping. *Am. Int’l Underwriters (Philippines), Inc. v. Cont’l Ins.*
24 *Co.*, 843 F.2d 1253, 1259 (9th Cir. 1988) (noting that plaintiff abandoning a state
25 action after two-and-a-half years “because it believes that Federal Rules of Evidence
26 are more favorable to it than the state evidentiary rules” “epitomizes forum
27 shopping”).

28 Netlist’s inequitable actions do not end there. Netlist’s first filing in this

1 Court after the Ninth Circuit remand stated that it would seek a stay of any
2 proceedings, including consideration of the extrinsic evidence relevant to
3 interpreting Section 6.2 (notwithstanding the Ninth Circuit’s mandate that this Court
4 do so). *See* Dkt. 343 at 3-6. Netlist’s second filing was its stay motion. *See* Dkt.
5 344. Yet the Court set a briefing schedule and hearing on summary judgment
6 anyway, and ordered that Netlist’s stay motion would be heard at the same time as
7 summary judgment—thus effectively denying Netlist’s request to stay this Court’s
8 consideration of the Section 6.2 extrinsic evidence. *See* Dkts. 345 & 346. Yet still
9 undeterred—Netlist immediately filed a summary judgment motion in the Eastern
10 District of Texas on the very contract issues currently before this Court. And even
11 after the Eastern District of Texas court announced that it would defer to this Court
12 on the JDLA issues remaining before it pursuant to the Ninth Circuit’s mandate,
13 Netlist refused to withdraw its stay motion here and has insisted on seeking to move
14 forward with its summary judgment motion in the Eastern District of Texas.

15 This sort of inequitable forum shopping is itself a reason to deny a stay. After
16 all, a court may stay proceedings *only* if equity warrants a stay, and Netlist’s
17 inequitable forum shopping more than suffices to deny it an equitable remedy. *See*,
18 *e.g.*, *Adler v. Fed. Republic of Nigeria*, 219 F.3d 869, 876-77 (9th Cir. 2000) (“The
19 unclean hands doctrine ‘closes the doors of a court of equity to one tainted with
20 inequitableness or bad faith relative to the matter in which he seeks relief’”
21 (*quoting Precision Instr. Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 814
22 (2000))); *Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery*, 150 F.3d 1042,
23 1053 (9th Cir. 1998) (holding that party’s “inequitable conduct precludes it from
24 receiving equitable relief”); *Khan v. United States*, 1986 WL 9224, at *1 (S.D.N.Y.
25 Aug. 14, 1986) (“The Court denies the request for a stay, and dismisses plaintiffs’
26 action. Khan is not entitled to equitable relief such as a stay, standing before the
27 Court, as he does, with unclean hands.”).

28 Netlist tries in vain to justify its forum shopping by claiming that the Eastern

1 District of Texas is the only court “where Samsung and all of its infringing sub-
2 entities could be sued,” and where the parties’ entire dispute can be decided. Mot. at
3 7. Even assuming this were the case—it is not, because the Eastern District of
4 Texas has made clear that it will not rule on the contract issues pending before this
5 Court—it is a problem entirely of Netlist’s own making. Nothing prevented Netlist
6 from suing Samsung and its subsidiaries for breach of contract *and* patent
7 infringement in the same Eastern District of Texas action in the first instance. But
8 Netlist made the tactical decision to file a more limited breach of contract and
9 declaratory relief action in this Court, and then turned around and used the result
10 from this Court to sue Samsung for patent infringement in what it perceived as a
11 more favorable forum for its patent claims. Netlist must live with that decision.

12 Netlist’s claim that the scope of the patent license—which is not and has
13 never been at issue in this case—was not at issue until Samsung filed a suit in
14 Delaware for a declaration of its rights is similarly nonsensical. *Id.* at 18. For one
15 thing, when Netlist filed this case in mid-2020, there would have been no reason for
16 Netlist to seek a declaration of proper termination of the JDLA if the parties did not
17 dispute that the license is limited to Joint Development Products. Moreover, had
18 Netlist truly believed that the scope of the patent license is as limited as it contends
19 now, Netlist would have had a viable claim of patent infringement from day one,
20 immediately after the JDLA was entered into. The fact that Netlist did not bring an
21 infringement suit until *after* the JDLA was terminated betrays Netlist’s true belief
22 that it had in fact granted Samsung a license to all of its patents under the JDLA.
23 And this manufactured license scope issue is properly before the Eastern District of
24 Texas court, which has already rejected Netlist’s argument and ruled as a matter of
25 law in *EDTXI* that the scope of the patent license is not limited to Joint
26 Development Products. *Supra* at 5-6.

27 This Court should now definitively reject Netlist’s stay motion and make
28 clear the contract interpretation questions left to be decided under the Ninth

1 Circuit's mandate will be decided here, just as Netlist originally thought they should
2 be.

3 **V. CONCLUSION**

4 For all the foregoing reasons, Samsung respectfully requests that Netlist's
5 motion to stay be denied.

6 DATED: January 3, 2024

O'Melveny & Myers LLP

9 By: /s/ Michael Yoder

10 Michael G. Yoder

11 Attorneys for Defendant Samsung
12 Electronics Co., Ltd.
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CERTIFICATE OF COMPLIANCE

The undersigned, counsel of record for Samsung Electronics Co., Ltd.,
certifies that this brief contains 5,606 words, which complies with the word limit of
Local Rule 11-6.1.

DATED: January 3, 2024

By: /s/ Michael Yoder

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